

Economic and Cultural Issues: A Personal Perspective on Indo-US Relations

‘Many streams making a turbulent, but mighty river’

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Focus India! Seminar

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Disclaimers and Limitations

- Personal views expressed
- Focus: context to ‘do business’
 - Demographically
 - Business/administrative elite
 - Those who run the country: institutions, business, government
 - Professional class in a stratified (class/caste) society
 - Meritocratic + Networked
 - ~300 MM strong segment: a few million key ‘movers and shakers’
 - Generation of Indians in their 30s-50s
 - Geographically
 - Mostly industrialized, developed regions
 - Historically
 - Today’s India, circa 2009: 60+ yrs after independence
 - Hard to tell sometimes in a 10,000 yr-old society

Experience With Several Economic Sectors in India

- Direct
 - Large Industry
 - Tata Group of Companies: Electrical Switchgear
 - Contract Manufacturing
 - Hindustan Construction Co: Dam-building
 - Alfred Herbert Limited: Machine-Tools
 - Small Industry: Medical Device R&D Outsourcing
 - Healthcare: Tertiary Care Heart Centers
 - Education: Engineering/Innovation Educational Collaborations
 - Environment: Tiger Conservation NGO
- Indirect
 - Government
 - Armed Forces, Judiciary, Administration/Governance
 - Medium Industry: Varied
 - Printing Press, Real Estate, Agriculture, Soda Bottling Plant, Golf, Construction, Restaurant/Catering, IT Outsourcing, Light Manufacturing

India: Demographic Profile

- **Ethnic Groups**

- Indo-Aryan 72 per cent, Dravidian 25 per cent
- Mongoloid and other 3 per cent (2000)

- **Religions**

- Hindu 80.5 per cent, Muslim 13.4 per cent
- Christian 2.3 per cent, Sikh 1.9 per cent,
- Other 1.8 per cent (2001 census)

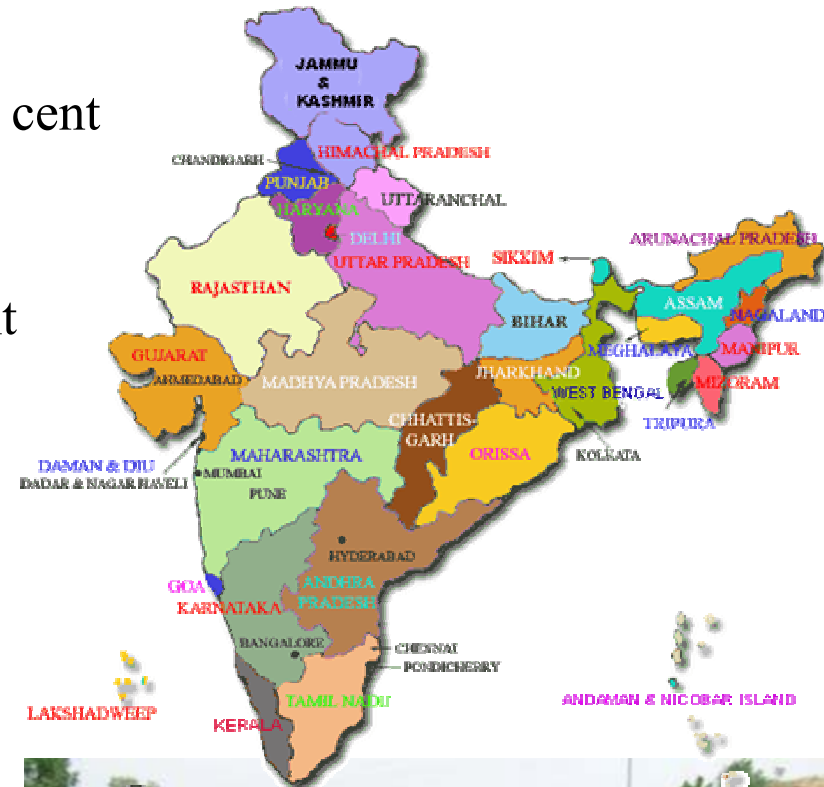
- **Languages**

- Hindi: national language
 - Mother tongue of 30% of population
- 18 other official languages
- English preferred language
 - National, political, commercial and scientific/technical/medical communication.

- **Literacy: 64.8 per cent (2001 census)**

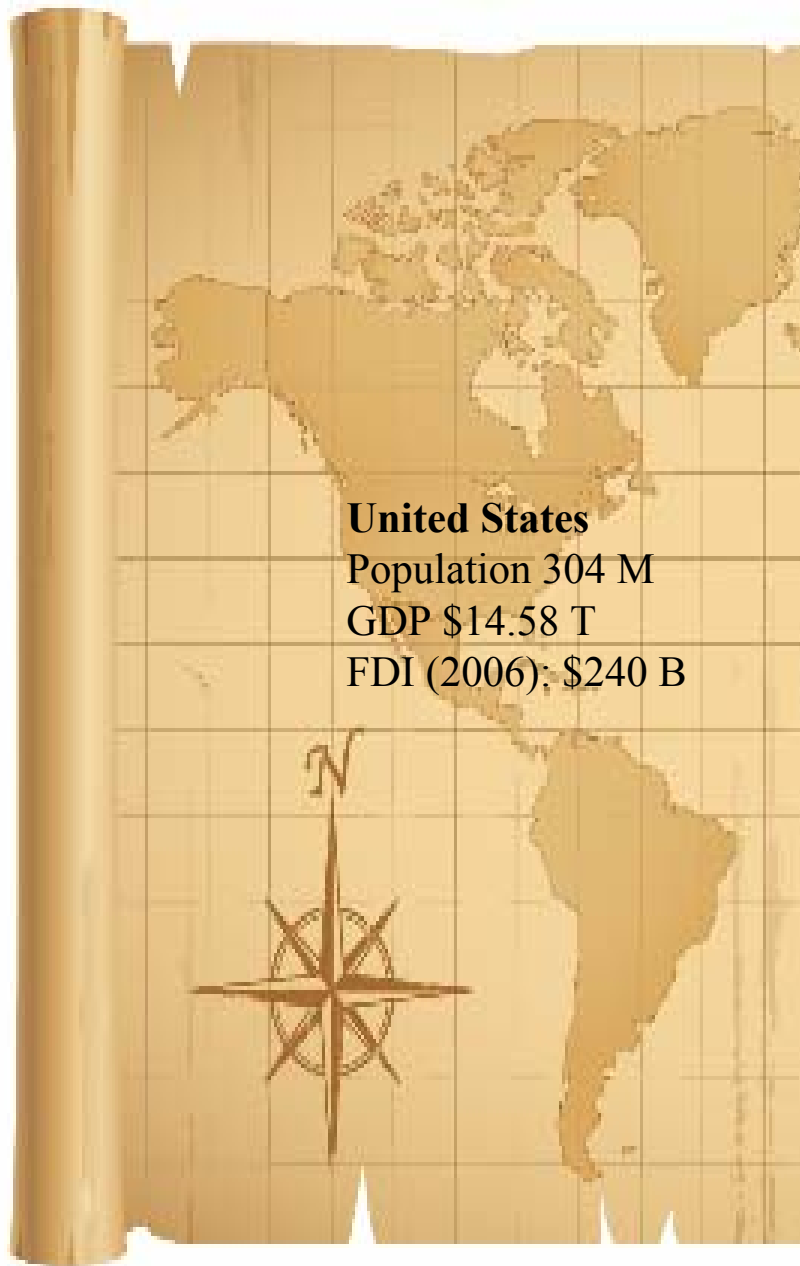
- **Population**

- Labor Force: 516 MM (2007 est)
 - 60% Agriculture, 22% Services & Government, 18% Industry/Commerce
- Median Age: 25 yrs, 70% rural
- Life expectancy: 69 yrs

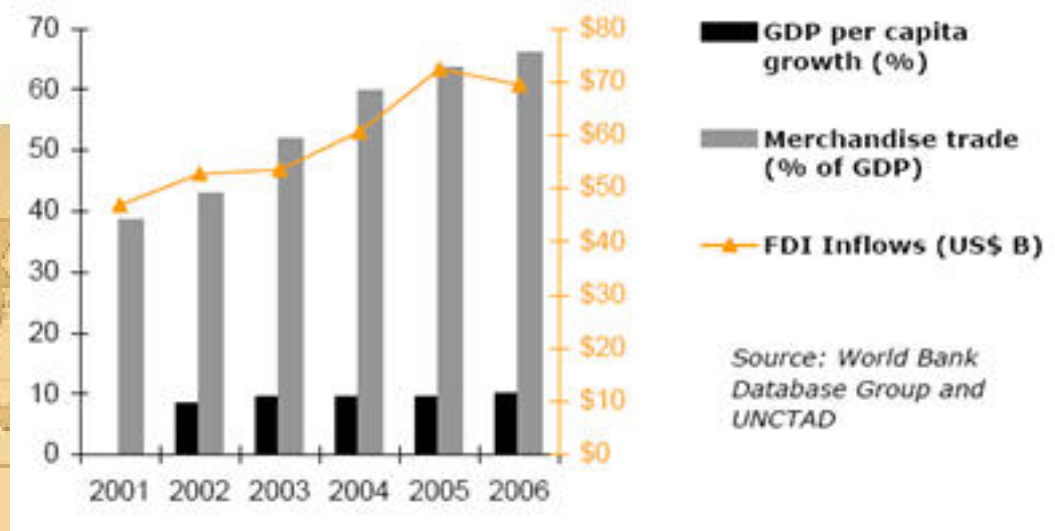


What You Can Count On...1

- India, China, and USA to form global power triumvirate in 21st century
 - USA
 - Innovation engine
 - Global defense & other institutions
 - Leading market
 - China: Economic reforms since 1978
 - Hi-volume low cost manufacturing
 - Market
 - India: Economic reforms since 1991
 - Outsourced services
 - Full-Spectrum
 - » Call Centers to Medical Tourism, R&D
 - High-end manufacturing
 - Market

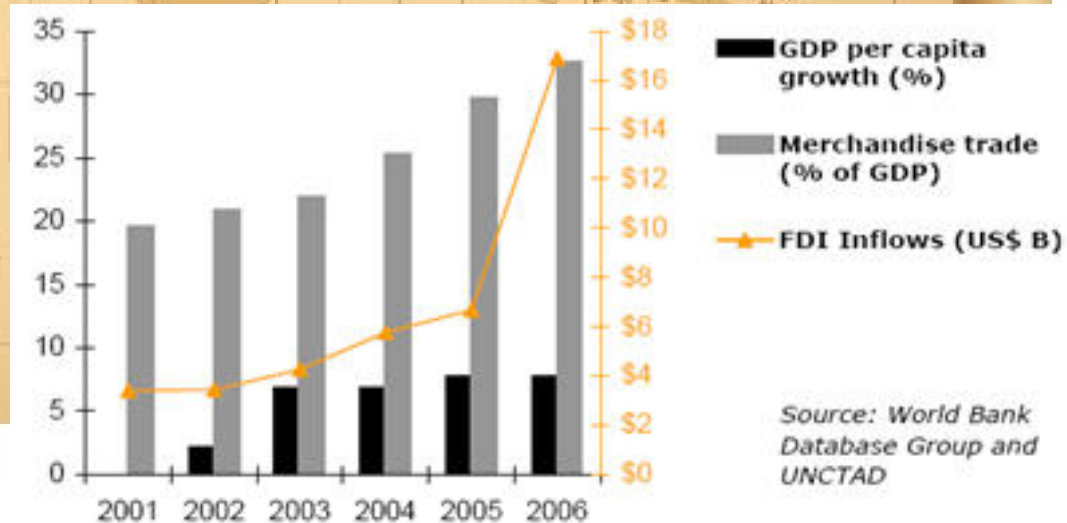


United States
 Population 304 M
 GDP \$14.58 T
 FDI (2006): \$240 B



China
 Population 1.33 B
 GDP of \$7.80 T

India
 Population 1.15 B
 GDP \$2.97 T



What You Can Count On...2

- Economic reforms here to stay
 - Genie ‘out of the bottle’
 - Urban centers: Trickle-down
 - Significant changes
 - Expanding urban, educated elite
 - » Buying power
 - » Global travel & the Indian diaspora
 - Middle class
 - » Availability of choice: global brands
 - Rural centers: Consumerism comes to the village
 - Cell phone, cable TV
- India’s population/demographics compelling
 - Young and restless
 - Ambitious and aspirational



What You Can Count On...3

- US-India strategic relationship will continue to grow
 - Significant common ground
 - Democracy
 - Controlled Capitalism
 - Entrepreneurship
 - Geo-political cornering
 - China and Russia: common threats
 - War on Terror
 - Curb radical Islamic fundamentalism
 - Dependence on foreign energy-> alternative energy
 - Few differences/remaining issues
 - Kashmir/Pakistan
- The clout of Indian-Americans in US policy and politics will keep growing
- Indo-US investment and trade will grow significantly



What I Don't Know...1

- How will achieve energy independence
 - Traditional sources 'non-renewal': OPEC influence
 - Renewal sources: Wind, electric, solar, nuclear
- Pace of infrastructure improvements
 - Very poor but becoming better
 - Water, roads, power
- Political winds
 - US
 - Resistance to outsourcing in light of US economic conditions
 - Free market only when convenient and going well?
 - India
 - Coalition, multi-party politics: economic reforms and leadership
 - Reduction in corruption and bureaucracy?
 - Acting like a 'world power'
 - Neighbourhood and beyond



What I Don't Know...2

- Effects of global economic downturn
 - Probably cause recession in India amongst outsourcing companies
 - Restarting flow of Indian elite to USA?
 - US still the ‘magnet’ for Indians although other countries beckon
 - India focusing on its own internal market growth
 - Vs. export-based model (US, China)

Key US-Indo Cultural Similarities

- Practical
- Energetic
- Enthusiastic
- Entrepreneurial
- Big, bold thinkers
- Family-oriented
- Customer-focused
- Competitive
- Networkers
- ‘Making the best out of life’
- Knowledge and understanding are prized

Key US-Indo Cultural Differences

- Analysis paralysis vs. action-orientation
- Academic qualifications/titles vs. accomplishments
- Argumentative vs. collaborative
 - Seeming contradiction: Agreeableness and ‘getting along’ valued as well
- Talk fast/parallel communications vs. talk slowly/serial conversations
- Perception of time
 - History
 - Meetings/Appointments
- Living divided into several spheres: ‘compartmentalized’ vs. ‘work-life balance’

Key US-Indo Cultural Differences 2

- Written vs. oral tradition
- The whole situation (body language etc.) and vocal tradition vs. sole focus on words and the written word
 - Agreements- starting point vs. final word
- Reliance on and belief in ‘rule of law’
- Someone else will do it vs. self-reliance
- Treating people based on class/status vs. unique individuals with equal human rights
- Cricket vs. baseball
 - Washington Redskins cheerleaders?



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Q&A